

City of Detroit

CITY COUNCIL

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TO: George Jackson, Jr., President
Detroit Economic Growth Corporation

FROM: Irvin Corley, Jr., Fiscal Analysis Director *ly.*

DATE: April 30, 2007

RE: 2007-2008 Budget Analysis

Attached is our budget analysis regarding your department's budget for the upcoming 2007-2008 Fiscal Year.

Please be prepared to respond to the issues/questions raised in our analysis during your scheduled hearing. We would then appreciate a written response to the issues/questions at your earliest convenience subsequent to your budget hearing. Please forward a copy of your responses to the Councilmembers and the City Clerk's Office.

Please contact us if you have any questions regarding our budget analysis.

Thank you for your cooperation in this matter.

IC:ss

Attachment

cc: Councilmembers
Council Divisions
Auditor General's Office
Glen Long, DEGC Chief Financial Officer
Roger Short, Chief Financial Officer
Pamela Scales, Budget Department Director
Renee Short, Budget Department Team Leader
Kandia Milton, Mayor's Office

**Detroit Economic Growth Corporation/
Economic Development Corporation/
Downtown Development Authority**

FY 2007-2008 Budget Analysis by the Fiscal Analysis Division

Detroit Economic Growth Corporation (DEGC)

The DEGC is a private nonprofit development organization of public, business, labor and community leaders established to assist business in expanding or locating in Detroit. The DEGC provides staff and other administrative services to the Downtown Development Authority (DDA), Local Development Financing Authority (LDFA), the Economic Development Corporation (EDC), and the Detroit Brownfield Redevelopment Authority (DBRA). These development entities do not contain any staff.

The DEGC receives funding primarily from the City of Detroit through its Planning and Development Department (PDD), the DDA, the EDC and corporate contributions. The DDA, LDFA, EDC and DBRA contributions to the DEGC's budget serve as reimbursement to the DEGC for staff services, office space, and operating expenses.

In the proposed 2007-08 budget for PDD, the Mayor recommends contributing from the City \$1,000,000 to the DEGC (see Attachment I). This recommendation generally keeps the City's contribution in line with past budgets. The chart below shows the City's allocations to the DEGC since 2001-02:

City of Detroit's Contribution to the Detroit Economic Growth Corporation from its Planning and Development Department							Recommended FY 2007-08
	FY <u>2001-02</u>	FY <u>2002-03</u>	FY <u>2003-04</u>	FY <u>2004-05</u>	FY <u>2005-06</u>	FY <u>2006-07</u>	
Contribution							
Amount	\$1,000,000	\$1,050,000	\$1,050,000	\$1,000,000	\$500,000	\$1,000,000	\$1,000,000

The Council elected to cut the contribution by half to \$500,000 in the 2005-06 to help address the \$300 million in soft revenues and questionable expenditures in the Mayor's proposed 2005-06 budget.

The DEGC feels the one million dollar allocation helps the organization to be in a better position to provide citywide proactive business attraction and retention efforts. The allocation also helps the DEGC to invest in and maintain high tech promotional materials, revamp its web presence, secure additional employee training on how to aggressively pursue businesses, and continue to work with the PDD during pre-development stages on City projects.

Below shows the proposed 2007-2008 budget for the DEGC as compared to the current year's budget.

<u>Revenue</u>	(1) DEGC FY 2006-2007 Budget	(2) DEGC Proposed FY 2007-2008 Budget	(1)-(2) Difference	Comment Reference Letter
City Contract	\$1,000,000	\$1,000,000	\$0	(A)
EDC Contract	300,000	300,000	-	(B)
EDC Supplement	440,333	933,333	493,000	(C)
DDA Contract	1,500,000	1,500,000	-	(D)
LDFA Contract	150,000	150,000	-	(E)
DBRA Contract	150,000	150,000	-	(F)
Private Sector	400,000	400,000	-	(G)
Interest Income	24,667	31,667	7,000	(H)
Services/Other Fees	35,000	35,000	-	(I)
Budget Deficit	0	0	-	
Total Revenue	\$4,000,000	\$4,500,000	\$500,000	
<u>Expenses</u>				
Personnel	\$2,848,800	\$3,406,600	\$557,800	(J)
Contract Services	109,500	117,500	8,000	(K)
Travel/Meetings/Marketing	406,500	312,000	(94,500)	(L)
Rent/Utilities/Insurance	367,000	388,000	21,000	(M)
Interest	0	0	0	(N)
Equipment	110,000	120,200	10,200	(O)
Other	158,200	155,700	(2,500)	(P)
Total	\$4,000,000	\$4,500,000	\$500,000	

- (A) The Mayor's proposed budget maintains the DEGC funding level at the current year's budgeted level.
- (B) Represents EDC's reimbursement to DEGC from city contribution. See next section for more details. The Mayor proposes maintaining the City's EDC contribution at the current year's level.
- (C) EDC supplement is a donation to DEGC's operations from either EDC's line of credit (in most cases), project service fees, and reserves (built up from project/service fees from issuing Industrial Revenue Bonds). This revenue increases by \$493,000 in 2007-08 primarily because of additional project service fees. Specifically, this revenue next fiscal year comprises of \$350,000 from casino development funds, \$83,000 from the Brush Park North project, \$100,000 from the Rosa Parks Transit Center, and \$400,000 from reserves from service fees and loan repayments. The project service payments are primarily temporary sources, but were necessary for the DEGC to achieve specialized staffing levels and obtain other resources to manage the projects.

- (D) Represents DDA's reimbursement to DEGC for staff cost and indirect expenses (rent, utilities, supplies, etc.). DDA's Contract level the same as the current fiscal year.
- (E) The LDFA budget is based upon tax increment revenues and project fees drawn down from the Michigan Economic Development Corporation (MEDC) in prior years. See Attachment II for LDFA's current year's budget. Council approved this budget.
- (F) The Environmental Affairs Department has entered into a contract with the DBRA to reimburse the DEGC for DEGC administrative services. The DBRA contract amount is the same as the current fiscal year.
- (G) The DEGC anticipates attracting the same level of private sector contributions as in the current fiscal year.
- (H) The DEGC expects interest income on idle cash and cash flow to rise based on anticipated higher interest rates.
- (I) The DEGC expects to receive this level of service fees from the Detroit Industrial Revolving Loan Fund (DIRLF). The DEGC has received permission from the federal Economic Development Administration (EDA) to utilize this fund for commercial projects as well. Formerly, the EDA Title 9 monies, which support the loan fund, could be used only for industrial projects. The DIRLF can now provide up to \$200,000 in commercial loan funds.

Please note that the remaining explanations relate to expenditures.

- (J) DEGC's budgeted staffing level for the current fiscal year is 34, which are currently filled. The budgeted staffing level is at 42 for next year. 41 of the 42 positions will be paid by the DEGC in 2007-08. DTE Energy will pay the remaining one position. Of the 41 positions, 7 were at first employees of DTE Energy on loan to the DEGC. In addition, the DEGC employs 1 consultant. In addition to the increase in positions, personnel cost also goes up because of the corresponding increase in fringes benefits, coupled with the fact that health care cost in general continual to spiral.
- (K) Contractual services increases as audit costs are expected to increase as additional standards are implemented.
- (L) The budget for Travel/Meetings/Marketing expenditures decreases since much of the up-front cost for marketing and business attraction were paid for in the current fiscal year, thereby allowing the DEGC to spend less on these items in 2007-08. The DEGC anticipates rolling out its improved website and new marketing materials by the end of this summer. Travel does increase in this budget line item by \$15,000 in 2007-08 for additional business development by means of trade shows, investment seminars and focus groups.
- (M) The Rent/Utilities/Insurance budget goes up to reflect the increase in DEGC's rent scheduled in May 2008, and expected increase in telephone cost as business attraction activity increases.

- (N) Interest expense on DEGC's line of credit shows zero because the DEGC anticipates no borrowing from the line of credit next year. DEGC loaned funds from its line of credit in the current fiscal year, but it expects that the loan will be paid off by June 30, 2007.
- (O) The net increase in the Equipment budget allows the DEGC to replace some of its older equipment during next fiscal year. In addition, paper usage will increase due to the larger staff and higher volume of marketing. This budget also reflects a decrease in maintenance and training due to the new equipment purchases.
- (P) "Other" includes postage, building maintenance, delivery, supplies, printing, dues, publications & subscriptions, processing fees, special projects, advertising, governmental relations/fund raising and other miscellaneous expenses. The budget goes down slightly to show a reduction in special projects, offset by a modest increase in miscellaneous.

The DEGC is organized so that its employees can be more functionally oriented rather than departmentally oriented. This way, staff can use their skills to work on a broad spectrum of citywide projects rather than on projects related to a specific area, such as commercial development. The DEGC has clarified, however, whom employees report to, thereby, reinstating more accountability.

Attached is DEGC's most recent organizational chart (Attachment III).

Economic Development Corporation (EDC)

The Mayor proposes to keep the City's contribution from PDD's recommended 2007-08 budget to the EDC at the current year's level. The chart below shows the City's allocations to the EDC since 2001-02:

City of Detroit's Contribution to the Economic Development Corporation from Its Planning and Development Department							Recommended
	FY <u>2001-02</u>	FY <u>2002-03</u>	FY <u>2003-04</u>	FY <u>2004-05</u>	FY <u>2005-06</u>	FY <u>2006-07</u>	FY <u>2007-08</u>
Contribution							
Amount	\$300,000	\$300,000	\$300,000	\$300,000	\$150,000	\$300,000	\$300,000

Additionally, as indicated earlier, the EDC does traditionally supplement DEGC's budget from EDC's reserves (see EDC's Supplement per DEGC's budget).

Below shows the proposed 2007-2008 budget for the EDC as compared to the current year's budget.

<u>Revenue</u>	<u>EDC FY 2006-07 Budget</u>	<u>EDC Proposed FY 2007-08 Budget</u>	<u>PDD's Proposed 2007-08 Allocation</u>	<u>Difference</u>	<u>Comment Reference Letter</u>
City Contract	\$300,000	\$300,000	\$300,000	\$0	
<u>Expenses</u>					
Contractual Services-DEGC	\$275,000	\$275,000		\$0	(A)
Legal/Audit Services-EDC	25,000	25,000		0	
Total	\$300,000	\$300,000		\$0	

(A) Represents EDC's reimbursement to DEGC for DEGC staff time and indirect costs allocated to EDC related activity.

Downtown Development Authority (DDA)

The DDA, a public corporation for the City of Detroit, was established for the purpose of promoting and developing economic growth in the City of Detroit's downtown business district. The DDA has been authorized to fund its General Fund (operating) budget by an ad valorem tax of one mill on real and tangible personal property not exempt by law in the downtown development district, and by a levy on the increased assessed value of a tax increment district, and the issuance of negotiable revenue and tax increment bonds to finance the development activities of the DDA.

Unlike the DEGC and EDC, the DDA **does not** receive a General Fund contribution. Therefore, the DDA feels they do not need to come before Council during the DEGC and EDC budget hearing. The DDA has expressed that they would be willing to address any DDA concerns that Council may have when their operating budget is presented to them in June.

Council will recall as well that pursuant to State Statute Act No. 197, Council approves the Tax Increment Finance Plan, which delineates the anticipated development projects in the downtown area. Whenever the TIF Plan is amended, the DDA board must first approve the amendments, and then the amendments come before Council for approval. This process additionally gives Council an opportunity to review the DDA's policies, plans, and procedures as they relate to development activity in the downtown area.

Attachment IV represents 10 pages taken from the most recent Capital Agenda that gives an excellent chart showing the relationship of the DEGC and related development entities (DDA, EDC, etc.) commonly known as the "alphabet soup", and brief descriptions on these development entities.

Issues and Questions

DEGC

Attachment V shows the breakdown of the \$42.5 million casino business development fund dollars. (Please note that the City has to still contribute \$10 million to this fund.

Therefore, only \$ 32.85 million is available for expenditure). Is the DEGC prepared to provide City Council an update of the individual program expenditures to date?

What projects is the DEGC working on to increase economic development in the neighborhoods of the City of Detroit?

Does the DDA anticipate coming to the City Council with a DDA TIF plan amendment in fiscal year 2007-08?

Please provide the audited June 30, 2006 financial statements for the DEGC, EDC, LDFA, DDA and BRDA to the Fiscal Analysis Division, if available. Fiscal will make copies for the Council and Auditor General's Office.

Please provide a copy of the current year's budget for the Detroit Brownfield Redevelopment Authority (Fiscal Analysis could not locate its copy).

EDC

What major industrial projects you have on the horizon?

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Attachments

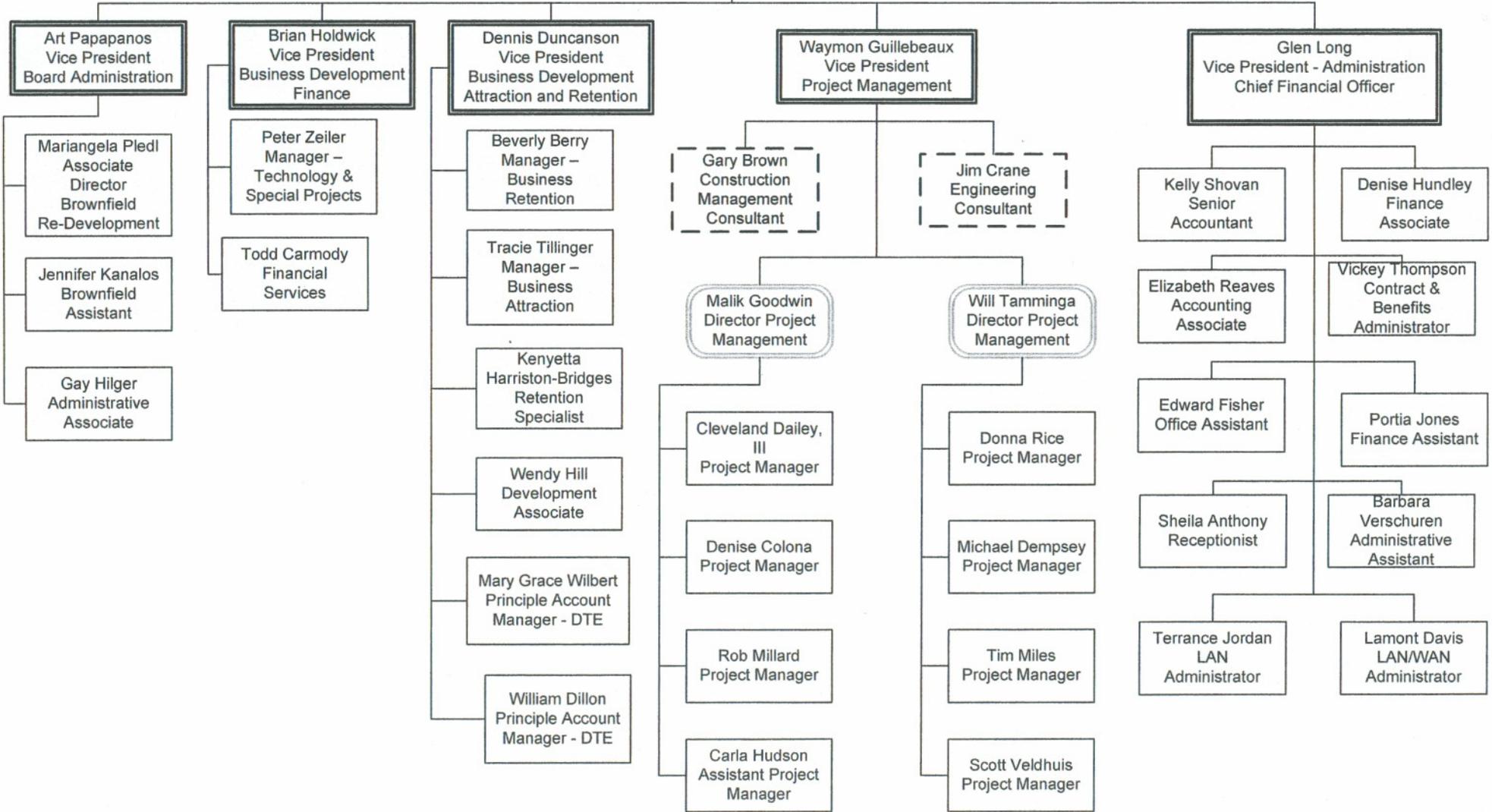
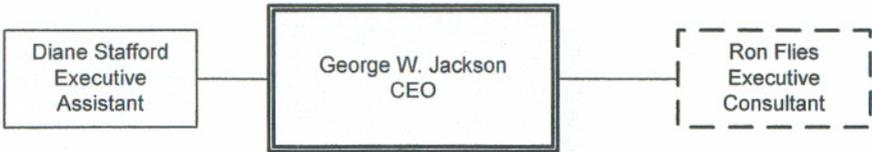
CITY OF DETROIT
Planning and Development
Financial Detail by Appropriation and Organization

Community Development Community Development	2006-07 Redbook		2007-08 Dept Final Request		2007-08 Mayor's Budget Rec	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
<i>APPROPRIATION ORGANIZATION</i>						
00014 - Community Development						
360130 - Community Development	0	\$990,150	0	\$1,053,150	0	\$840,150
APPROPRIATION TOTAL	0	\$990,150	0	\$1,053,150	0	\$840,150
00015 - Real Estate - City						
360131 - Real Estate-City	18	\$2,593,740	23	\$3,566,552	23	\$3,320,146
APPROPRIATION TOTAL	18	\$2,593,740	23	\$3,566,552	23	\$3,320,146
00595 - Economic Development Corporation						
360134 - Economic Development Corporation	0	\$300,000	0	\$300,000	0	\$300,000
APPROPRIATION TOTAL	0	\$300,000	0	\$300,000	0	\$300,000
00597 - Economic Growth Corporation						
360135 - Economic Growth Corporation	0	\$1,000,000	0	\$1,000,000	0	\$1,000,000
APPROPRIATION TOTAL	0	\$1,000,000	0	\$1,000,000	0	\$1,000,000
00883 - Development - City						
360105 - Planning - City	2	\$352,897	2	\$371,241	2	\$360,722
360145 - Development City	11	\$1,773,642	6	\$999,215	6	\$955,304
APPROPRIATION TOTAL	13	\$2,126,539	8	\$1,370,456	8	\$1,316,026
04028 - Cacaco 108 Loan						
360234 - CARACO 108 Loan	0	\$0	0	\$1,159,444	0	\$1,159,444
APPROPRIATION TOTAL	0	\$0	0	\$1,159,444	0	\$1,159,444
04896 - Mexicantown Commercial Development						
360425 - Mexicantown Commercial Developm	0	\$50,000	0	\$0	0	\$0
APPROPRIATION TOTAL	0	\$50,000	0	\$0	0	\$0
05544 - Neighborhood Opportunity Fund BG 5						
360558 - Neighborhood Opportunity Fund	0	\$250,000	0	\$0	0	\$0
APPROPRIATION TOTAL	0	\$250,000	0	\$0	0	\$0
05797 - Eight Mile Boulevard BG						
360600 - Eight Mile Boulevard BG	0	\$22,700	0	\$22,700	0	\$22,700
APPROPRIATION TOTAL	0	\$22,700	0	\$22,700	0	\$22,700

Attachment II

LOCAL DEVELOPMENT FINANCE AUTHORITY
OPERATING BUDGET
JULY 1, 2006 TO JUNE 30, 2007

	Projected Total June 30, 2006	Budget June 30, 2006	Variance	Proposed Budget June 30, 2007
REVENUE				
TAX INCREMENT REVENUES RELEASED CURRENT YEAR	150,000	150,000	0	150,000
TAX INCREMENT REVENUES PRIOR YEARS	0	0	0	0
SERVICE FEES	0	0	0	0
INTEREST/OTHER INCOME	164,350	75,000	89,350	100,000
TOTAL REVENUE	314,350	225,000	89,350	250,000
EXPENSES				
DETROIT ECONOMIC GROWTH CORPORATION	200,000	200,000	0	200,000
MAINTENANCE/OTHER	49,458	50,000	542	50,000
TOTAL EXPENSES	249,458	250,000	542	250,000
Operating Surplus/(Shortfall)	64,892	(25,000)	89,892	0
(Increase)/Decrease in Reserve	(64,892)	25,000	(89,892)	0
NET SURPLUS/(SHORTFALL)	0	0	0	0



Attachment III

SALARY RANGES

DEGC

<u>Number of Staff Positions</u>	<u>Title</u>	<u>Salary Range</u>
1	President	\$211,000
6	Vice Presidents/Department Leaders	90,000 - 120,000
5	Administrators/Directors	50,000 - 90,000
10	Project Managers	48,000 - 88,600
16	Associates & Development Representatives	36,000 - 65,000
<u>4</u>	Assistants/Clerk/Receptionist	27,000 - 35,000
42		

DETROIT ECONOMIC GROWTH CORPORATION

The Detroit Economic Growth Corporation (DEGC) is a private non-profit corporation established in 1978 to help businesses provide jobs and to leverage private investment in the City of Detroit. Structured as a public/private partnership, the DEGC combines public sector policy and direction with private sector leadership in a 58-member board comprised of concerned business, civic, labor and community leaders appointed by the Mayor. In partnership with City government, the DEGC serves as an implementing agency for business retention, attraction and economic development initiatives in the City of Detroit.

A Federation Of Organizations

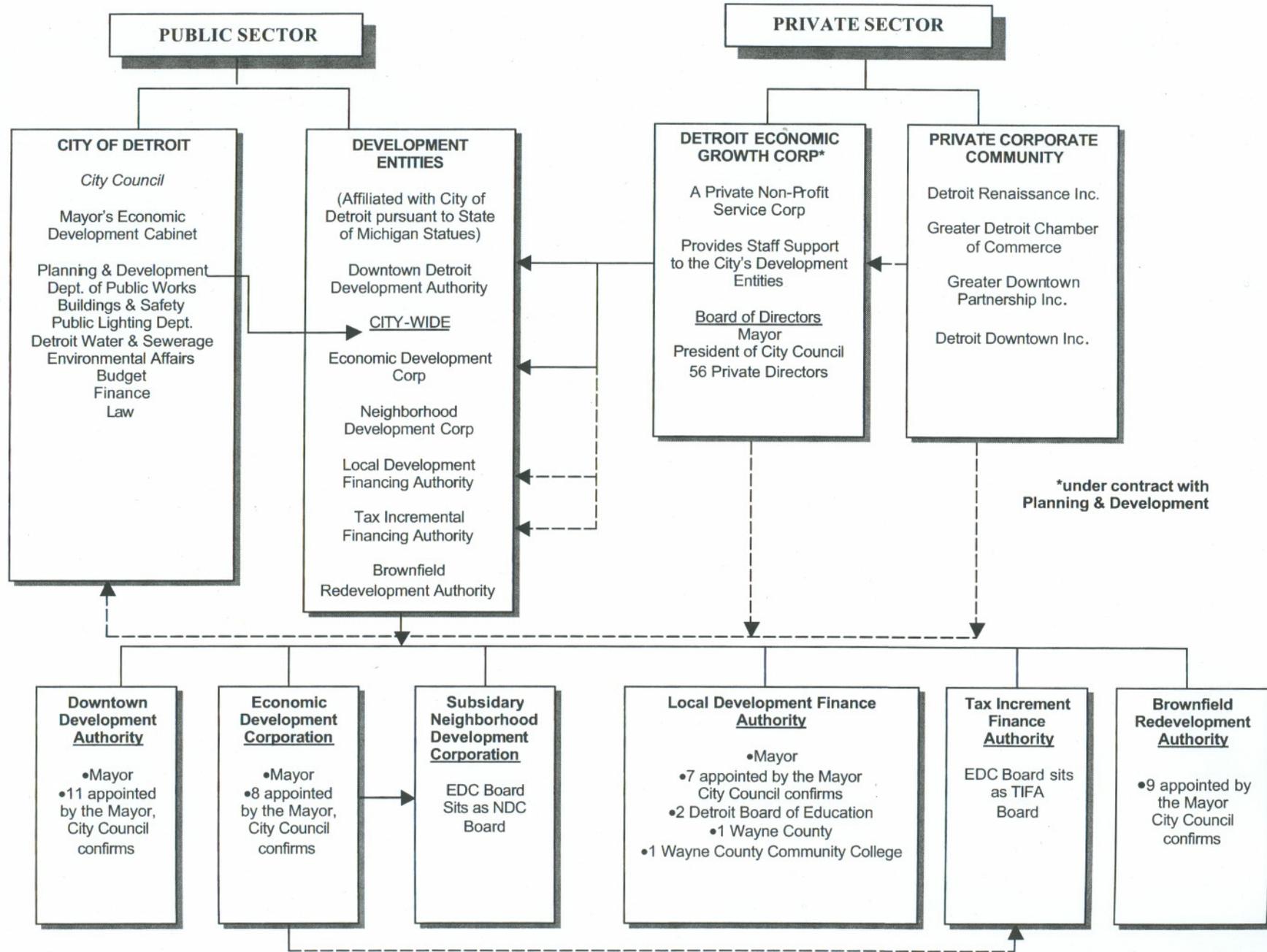
The DEGC provides staff services to a federation of organizations with quasi-public development tools to complement the public powers of the city to further business growth and neighborhood development in the City.

The Downtown Development Authority (DDA), Economic Development

Corporation (EDC), Neighborhood Development Corporation (NDC), Tax Increment Finance Authority (TIFA), Local Development Finance Authority (LDFA), and the Detroit Brownfield Redevelopment Authority (DBRA), all were created pursuant to enabling statutes of the State of Michigan by the City as development resources and tools coordinated within the framework of the DEGC.

The DEGC is funded by both the private sector and the City of Detroit. Contributions are received each year from businesses of all sizes throughout the metropolitan area. The City of Detroit also enters into an annual contract with the DEGC for services the DEGC provides to the City's development entities. The DEGC also receives from time to time foundation and other grants for special programs and has arranged interim financing for real estate and development activities through funding made available by the private sector foundations.

CITY OF DETROIT DEVELOPMENT ENTITIES



DOWNTOWN DEVELOPMENT AUTHORITY

The City of Detroit Downtown Development Authority (DDA) is a public Authority established to correct and prevent deterioration in the downtown business district, to promote its economic growth and development, to increase property valuation and tax basis and to create and retain jobs in the downtown area.

Property value deterioration has been a serious problem in downtown Detroit since the late 1950s with very little redirection and arrest until the late 1970s. The causes of property value deterioration can be eliminated by attracting substantial private investment and development in downtown.

Act 197, of the Public Acts of Michigan, 1975, as amended, is the enabling legislation for the creation of the City of Detroit Downtown Development Authority, which was established by a City Ordinance adopted by the City Council on May 20, 1976. The DDA has been used as a very effective, valuable and results-oriented approach to eliminate the continued causes of property value deterioration and to promote economic investment and reinvestment in downtown.

The DDA is governed by a Board of Directors, the members of which are appointed by the Mayor and confirmed by the City Council. Three operational committees – the Finance Committee, the Design Review Committee, and the Parking Operations Committee – assist towards the implementation of DDA's goals and objectives.

In February 1978, the DDA Board of Directors and the City Council adopted the DDA's Tax Increment Development Plan for Development Area No. 1 (the "Plan"), pursuant to which the DDA utilizes many of the powers permissible under the enabling

legislation to implement the Plan, as amended from time to time.

The DDA's operations are funded through its annual operating budget of approximately \$2.8 million; the DDA's capital investments are funded through its annual development budget of approximately \$34.0 million.

A useful tool of downtown development authorities is the power to utilize tax increment financing, a method of funding public purpose investment in a designated redevelopment area by capturing the incremental increase in tax revenues resulting from the difference between the established base year and the current year. These revenues are then dedicated to finance capital projects, or to service the debt on bonds sold for capital projects in order to further development in the designated areas.

In addition, the DDA has utilized additional national, state and local financial incentives (such as Urban Development Action Grants (UDAG), Block Grants, Economic Development Corporation grants, UMTA grants, Tax Exempt Revenue Bonds) to further its development objectives.

Completed Projects

The DDA has provided or assisted in the financing of numerous projects in the downtown area. Some of the more significant DDA projects include the Trolley Plaza Apartments, including a garage component, the Riverfront Residential Phase I and II, the Millender Center (a mixed-use development including apartments, hotel, office, commercial and office components), the Trappers Alley Festival Market Place and the renovation of the Fox, Gem and State Theaters. The most recent DDA assisted downtown projects include:

DOWNTOWN DEVELOPMENT AUTHORITY

- 150 West Jefferson, \$80 million, 500,000 square foot. first class office building
- \$30 million renovation of the Michigan Opera Theater
- One Detroit Center, \$240 million, one million square foot first class office tower
- Harmonie Park redevelopment of loft apartments, commercial and office space, a rehabilitation project of approximately \$22 million.
- \$4 million renovation of Music Hall Theater
- Development of a parking facility of 1,050 spaces, including 40,000 square foot of retail space and infrastructure support for air rights development in Greektown, for a total capital investment of \$20 million.
- Completed Sports Stadia Comerica Park, home of the Detroit Tigers; and Ford Field, home of the Detroit Lions. A capital investment in excess of \$500 million.
- Demolition of the old Hudson's building and construction, of an 1100-space underground parking facility to accommodate the Campus Martius Development
- Major road improvements surrounding the Renaissance Center, headquarters for General Motors Corporation.
- **Campus Martius Redevelopment** – The DDA and the City of Detroit have undertaken the development of proposed office, retail, and commercial space in an area known as "Campus Martius", which is composed of the Hudson Block, the Kern Block, the Crowley Block, the Monroe Block and the Kennedy Square Block. Furthermore, Compuware Corporation was identified by the DDA and the City as the Signature tenant for the Kern Block and the Crowley Block.

The DDA's contribution of \$46 million for the recently completed public improvements and parking facilities will leverage private investment of approximately \$700 million.

- **Harmonie Park Acquisition and Improvements** – Funding of \$2.8 million is allocated to assist towards the third phase of public improvements, and the rehabilitation/demolition of the Madison-Lenox hotel, to complement the rehabilitation and renovation of several buildings within the project area for commercial and residential uses.
- **Development Financing and Small Business Loan Transactions** – A revolving loan program of \$4 million to stimulate additional, small-scale redevelopment and/or new construction projects within the Downtown District.
- **Downtown Development Planning and Marketing** – Reflecting that anticipated development and growth must be properly managed, the Authority allocated \$2,500,000 of funds for a Downtown Development Planning and Marketing Program.
- **Lower Woodward** – Under the Lower Woodward Redevelopment Initiative, the DDA has allocated \$27.0 million for streetscape improvements, and \$12.0 million for facade improvements.
- **Book Cadillac Hotel** – The DDA has allocated \$12.1 million for predevelopment (demolition/remediation) expenses towards the redevelopment of the Hotel to a Hotel/Residential facility.

DOWNTOWN DEVELOPMENT AUTHORITY

Current and Proposed Projects

Detroit Downtown Development Authority Project Listing

1. **Convention Facilities Area Public Improvements** – There is an \$870,000 allocation for Christmas decoration and lighting of Jefferson and Woodward Avenues and side streets in the Downtown Area.
2. **Ford Auditorium** – Proposed funding of \$500,000 to finance repairs to Ford Auditorium will include the roof and other as of yet unidentified items that may be needed as the building future use is determined.
3. **Comerica Park** – The DDA participated in funding \$40 million of the construction of a 42,000 seat publicly owned baseball stadium for a total project cost of \$260 million. Its construction was completed in spring 2000. It is owned by the Detroit Wayne County Stadium Authority and operated by the Detroit Tigers, Inc., the DDA will contribute \$250,000 annually, adjusted for inflation, to be deposited into the Major Repair and Replacement Fund.
4. **Ford Field** – The funding of approximately \$85 million for the construction of a 65,000 seat publicly owned football stadium for a total project cost of \$325 million has been completed. The Downtown Development Authority has allocated \$1.54 million annually for bond debt service.
5. **Housing/Office/Retail Development/Absorption Program** - The Authority is designating a Housing/Office/Retail Development Loan and Absorption Fund to stimulate additional residential and commercial activities in the Downtown District. The \$130.6 million program was implemented in FY 2000-01 with an initial allocation of \$2.68 million, and will continue until FY 2027-28 with an average allocation of \$4.5 million annually.
6. **Land Assemblage** – The DDA allocated \$92.83 million to the Land Assemblage Program with the intent to increase investor demand in the DDA Downtown District. By assembling parcels of developable size, it will meet the development needs (i.e. size, zoning, parking, location, etc.) of investors.
7. **Riverfront Promenade** – Allocation of \$1,770,000 for maintenance of the recently constructed Riverfront Promenade, extending from Hart Plaza to Joe Louis Arena.

DOWNTOWN DEVELOPMENT AUTHORITY

<i>PROJECT EXPENDITURES</i>	<i>FISCAL YEARS</i>				
	<i>2007-08</i>	<i>2008-09</i>	<i>2009-010</i>	<i>2010-11</i>	<i>2011-12</i>
Convention Facilities Area	\$200,000				
Ford Auditorium	500,000				
Comerica Park	300,000	300,000	310,000	320,000	330,000
Ford Field	1,540,000	1,540,000	1,540,000	1,540,000	1,540,000
Housing/Office/Retail Development	4,190,000	4,180,000	5,530,000	4,210,000	4,180,000
Downtown Development Planning					
Land Assemblage	1,500,000	1,520,000	2,860,000	2,630,000	2,610,000
Riverfront Promenade	70,000				
General Bond Debt Service	20,160,000	20,160,000	20,160,000	10,340,000	10,340,000

ECONOMIC DEVELOPMENT CORPORATION

The Economic Development Corporation (EDC) was established pursuant to Act 338, Public Acts of Michigan, 1974 for the purpose of assisting local industrial and commercial enterprises to strengthen and revitalize the local and state economy.

The EDC provides a wide array of administrative and management services on behalf of the City involving economic development projects. Generally, EDC projects are funded by contracting with the City on an individual project basis to cover the costs of consultants and contractors employed by the EDC for each project.

The EDC has also provided assistance as construction manager for various other city projects such as the Holbrook Ave. reconstruction, rail siding construction into the former Nicholson facility, the construction and repair of city salt domes, rebuilding of infrastructure in Brush Park and the implementation of a Site Reclamation Grant from the Michigan State Department of Environment Quality. The EDC will continue providing this assistance for streetscape improvements in Brush Park, the Cultural Center, and the Riverwalk along the east riverfront.

Utilizing repayments from Urban Development Action Grants (UDAG) assigned to the EDC, several economic development loans have been made. The Bing Group, the O.J. Building

Materials Distribution Center, Midtown Development, New Center Stamping and Perstorp Xytec are examples of companies receiving this assistance.

The City also utilizes the services of the EDC to convey City property for economic and community service development. Thyssen Steel, American Red Cross, Focus Hope, the Bing Group, Riverbend Plaza, Hospice of Michigan, Brush Park Senior Housing, Detroit Symphony Orchestra Hall, and Riverfront East Development are examples of this EDC service.

The EDC was utilized as the "point" agency for the Central Industrial Park Project (General Motors Detroit Hamtramck Assembly Facility), the Jefferson Conner Industrial Revitalization Project (Chrysler Jefferson North Assembly Facility), the Eastside Industrial Revitalization Project (Chrysler Engine Plant), the Atkinson Playfield Project (Thyssen Steel expansion), Riverfront East Redevelopment, and the Springwells (former Coke Site) redevelopment, by coordinating project activities through acquisition and site preparation. Currently, the EDC is providing similar assistance with the I-94 Industrial Park Project.

The EDC has also created a Neighborhood Development Corporation to allow it to play a role in residential development.

SUBSIDIARY NEIGHBORHOOD DEVELOPMENT CORPORATION

The Economic Development Corporation (EDC) Act, Act 338 of the Public Acts of Michigan, 1974 as amended, provides for an EDC to create a subsidiary corporation to implement housing and neighborhood improvement programs within areas that qualify as blighted or as certain other defined areas.

The EDC's Board of Directors also serves as the Neighborhood Development Corporation's (NDC) Board of Directors.

The NDC can acquire property, construct improvements, and make these available in programs for the rehabilitation or

construction of housing for immediate sale at "fair market value". This is implemented pursuant to a project plan, similar to an EDC project plan, approved by City Council.

The EDC (the commercial component) and the Neighborhood Development Corporation (the residential component) are jointly implementing the Jefferson Village project located South of E. Jefferson between St. Jean and Marquette, which will provide at completion approximately 20 acres of new commercial development and approximately 300 new home sites for market rate housing.

TAX INCREMENT FINANCE AUTHORITY

This Authority was created on March 5, 1982 by resolution of the City Council pursuant to Act 450, Public Acts of Michigan, 1980. In accordance with the Act, the Authority's objective is preventing urban deterioration by encouraging economic development and neighborhood revitalization and historic preservation. The Authority may acquire and dispose of land, create and implement a tax increment plan, and issue bonds and other types of indebtedness to finance various projects.

The Tax Increment Finance Authority (TIFA) has issued bonds to pay a portion of the cost associated with the City's Central Industrial Park Project. The financing which utilized the "tax increment" approach, was the first of its

kind to be successfully completed in Michigan. The bonds have been retired on schedule.

During 1986-87, the Authority created a second District, which included a portion of the New Center Area and provided assistance to the St. Regis Hotel expansion project. The obligation of the TIFA toward this project has been extinguished.

In 1986, the State Legislature severely limited the ability of the TIFA to undertake new projects and therefore due to this restriction no new projects are contemplated. The TIFA is housed and staffed by the Detroit Economic Growth Corporation.

LOCAL DEVELOPMENT FINANCE AUTHORITY

State of Michigan Public Act 281 of 1986 provided for the creation of Local Development Finance Authority (LDFA) to prevent conditions of unemployment and promote economic growth; to provide for the creation and implementation of development plans; to authorize the acquisition and disposal of interests in real and personal property; to permit the issuance of bonds and other evidences of indebtedness by an authority; and to authorize and permit the use of tax increment financing.

At a public hearing on September 13, 1988, the City Council adopted a resolution establishing the Local Development Finance Authority and approved mayoral appointments to the LDFA Board. City Council also designated the boundaries of the Authority District, which includes the Jefferson/Conner Industrial Revitalization Project. The LDFA sold tax increment bonds to finance part of the cost of the City's Jefferson/Conner Project.

In June 2002, subsequent to a public hearing, the City Council adopted a resolution approving the addition of an Authority District and approved the Tax Increment Financing and Development plan for Tech Park Area #1 (Smart Zone Plan). According to the Smart Zone

Plan, the LDFA would allocate 12 years worth of property tax capture, or \$12.5 million, whichever comes first, towards the development of the Wayne State University Research and Technology Park.

In September 2002, the LDFA, the City of Detroit, Wayne State University, and the Michigan Economic Development Corporation entered into the Woodward Technology Corridor Smart Zone Agreement, for the partial funding (through Tax Increment Financing and Core Communities grants) of the following projects:

- WSU Technology Park
- Detroit Tricentennial Park
- Lower Woodward Improvements
- University Cultural Center Improvements.

The LDFA is housed and staff services are provided by the Detroit Economic Growth Corporation. The LDFA continues to monitor the bond payments for the Jefferson/Conner Industrial Revitalization Project. At the present time there are no initiatives to expand the LDFA authority district for additional projects.

DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY

The City of Detroit Brownfield Redevelopment Authority (DBRA) was established in 1997 pursuant to state authorizing legislation (Act 381), the Brownfield Redevelopment Financing Act. The DBRA is a public authority whose mission is to foster the re-use and re-development of brownfield sites, and functionally obsolete or blighted properties. These actions are designed to promote reinvestment in the City, increase property valuation, improve the City's tax base and improve the quality of the life in the City by reducing exposure to environmentally impacted properties.

The DBRA is empowered to use two tools to promote redevelopment incentives in unique ways not available to other economic development corporations. These tools are: 1) the State of Michigan Single Business Tax Credits (SBT) and 2) Tax Increment Financing (TIF). The DBRA can designate individual or contiguous properties as an "eligible property" without designating a project area or district. The Authority therefore has the flexibility to stimulate redevelopment of brownfield sites within any

neighborhood, commercial district, or industrial park.

The TIF portion of the incentive provides funds to assess and clean up the site. The tax credit portion of the incentive attracts development to the site. The legislation also allows the Authority to capture taxes five years beyond that needed to cover the cost of environmental clean-up. These funds can be placed in a revolving loan fund that can be used to provide funds for the clean-up of other properties whether or not they have been designated an eligible property.

Since the inception of the Authority, 106 sites have been designated representing over \$2.2 billion dollars in private capital investment. This investment represents a TIF reimbursement amount of over \$79.9 million dollars, a SBT credit tax amount of over \$193.7 million and eventual contributions to the Revolving Loan Fund of over \$74.0 million dollars.

The following chart represents the plans approved to date:

DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY

List of Brownfield Plans

Brownfield Plan	Project Type	Investment	SBT/TIF	SBT Approved Amount	TIF Base Year (TIF)	Revolving Loan Fund (TIF)	Jobs	Housing Units
Kern/Hudsons/Crowleys Development	Office	\$400,000,000	SBT	\$30,000,000			3600	
Auto Body One	Retail	\$1,000,000	SBT/TIF	\$91,400	\$326,563	\$225,000	20	
AAM Headquarters	Office	\$45,000,000	SBT	\$4,453,800			500	
Kales	Residential	\$12,000,000	SBT	\$1,000,000				84
I-94	Industrial	\$200,000,000	SBT/TIF	\$20,000,000	\$5,380,302	\$4,931,068	1500	
Arvin Meritor	Industrial	\$10,000,000	SBT	\$1,000,000			300	
Paper-Plas	Industrial	\$6,000,000	SBT/TIF	\$60,000,000	\$1,052,000	\$645,000	40	
6331 E. Jefferson	Retail	\$2,000,000	SBT	\$500,000			20	
Riverbend III	Retail	\$10,000,000	SBT	\$1,000,000			200	
Lombardo Heritage Amended	Residential	\$20,000,000	SBT	\$1,002,376				126
GM Riverfront East	Mixed Use	\$80,000,000	SBT	\$800,000,000				
Merchants Row	Residential	\$17,000,000	SBT	\$2,571,832			50	163
Mexicantown	Retail	\$12,300,000	SBT/TIF	\$391,127	\$2,099,878	\$1,300,000	100	
Woodward Millennium	Residential	\$37,000,000	SBT/TIF	\$2,467,000	\$1,885,000	\$1,576,947	50	180
AAM St. Aubin/Clay	Industrial	\$28,700,000	SBT	\$1,000,000			15	
DFD Lofts	Residential	\$2,872,000	SBT	\$287,500				30
Iodent Building	Residential	\$4,000,000	SBT	\$297,638				16
Parkside Plaza	Retail	\$4,125,000	SBT	\$361,500			50	
404 W. Congress	Office	\$6,000,000	SBT	\$600,000				
Federal Reserve	Office	\$65,000,000	SBT/TIF	\$6,000,000	\$4,390,952	\$2,750,000	20	
41-47 Burroughs	Residential	\$6,500,000	SBT	\$492,535				40
6200 Second	Residential	\$9,000,000	SBT	\$558,714				51
7 Mile/Gratiot Retail	Retail	\$3,850,000	SBT/TIF	\$385,000	\$697,000	\$710,000	40	
Mack/Alter North Amended	Retail	\$1,500,000	SBT/TIF	\$150,000	\$535,988	\$163,000	20	
NDC Project 1	Retail	\$10,000,000	SBT/TIF	\$919,081	\$2,070,250	\$1,770,254	150	
Hartz Building	Mixed Use	\$4,487,000	SBT	\$364,000			25	
Odd Fellows Hall	Office	\$2,840,000	SBT	\$264,271			10	
449 W. Willis	Residential	\$750,000	SBT	\$83,145				7
Fort Shelby Hotel	Hotel	\$52,000,000	SBT	\$5,200,000			300	77
Book Cadillac Hotel	Hotel	\$150,000,000	SBT	\$15,000,000			500	84
Jefferson and Piper	Retail	\$1,500,000	SBT	\$173,824			10	
Spartime	Retail	\$12,000,000	SBT/TIF	\$1,200,000	\$360,000	\$1,150,000	30	
English Village	Residential	\$2,845,000	SBT	\$1,000,000				90
5981 W. Warren	Industrial	\$14,760,000	SBT	\$1,000,000			30	
Research Lofts	Mixed Use	\$4,500,000	SBT	\$404,610				35
Mack/Alter South Amended	Retail	\$10,000,000	SBT/TIF	\$938,707	\$1,124,000	\$1,407,704	30	
20201-51 Sherwood	Industrial	\$2,000,000	SBT	\$290,000			18	
1250 Hubbard	Residential	\$4,150,000	SBT	\$200,000				30
Brenton	Residential	\$792,000	SBT	\$79,200				9
University Lofts	Residential	\$1,939,000	SBT	\$193,900				10
TechOne	High Tech	\$11,970,000	SBT	\$870,000			10	
Stough Development	Office	\$2,000,000	SBT/TIF	\$200,000	\$152,000	\$70,314	30	
Grand River Place	Retail	\$7,500,000	SBT/TIF	\$1,000,000	\$1,375,000	\$2,372,984		
Hudson's Warehouse	Office	\$38,000,000	SBT	\$2,600,000				
Garfield and York Apartments	Residential	\$11,355,900	SBT	\$1,135,590				58
Randora Apartments	Residential	\$2,814,000	SBT	\$281,400				12
Grinnell Properties	Industrial	\$5,000,000	SBT	\$500,000			225	
4801 Conner	Retail	\$10,000,000	SBT	\$1,000,000			30	
VITEC	Industrial	\$18,000,000	SBT	\$1,000,000			35	
Jefferson North Park Residential	Residential	\$15,000,000	SBT	\$1,000,000				123
St. Charles Place Lofts	Residential	\$2,100,000	SBT	\$200,000				12
Bellemere Apartments	Residential	\$9,550,000	SBT	\$650,000				88
1322 Broadway	Mixed Use	\$2,000,000	SBT	\$130,000			8	4
East Village	Residential	\$4,950,000	SBT/TIF	\$495,000	\$294,741	\$681,858		23
Brush Park North Condominiums	Residential	\$2,453,000	SBT	\$241,958				13
Gratiot McDougall Homes	Residential	\$8,100,000	SBT	\$810,000				46
Standard Federal Gratiot	Commercial	\$2,000,000	SBT/TIF	\$200,000	\$235,000	\$69,958	8	

DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY

List of Brownfield Plans

Brownfield Plan	Project Type	Investment	SBT/TIF	SBT Approved Amount	Reimburse Amount (TIF)	Revolving Loan Fund (TIF)	Jobs	Housing Units
Family Dollar West Vernor	Retail	\$750,000	SBT/TIF	\$77,766	\$117,945	\$108,650		
Art Center Town and Carriage Homes	Residential	\$3,500,000	SBT					29
Jefferson Avenue Maxey Dealership	Commercial	\$2,000,000	SBT				60	
West Town Homes I	Residential	\$8,100,000	SBT					31
Book Building	Mixed Use	\$18,300,000	SBT					130
Nailah Condominiums East	Residential	\$2,161,000	SBT	\$215,219				10
Jefferson Chalmers	Residential	\$14,000,000	SBT/TIF		\$2,620,850	\$2,756,294		
Warren Conner	Retail	\$7,386,000	SBT					
Brainard Street Apartments	Residential	\$10,000,000	SBT					120
Argonaut Building	Mixed Use	\$67,000,000	SBT/TIF		\$11,149,982	\$8,593,434		
E & B Brewery	Mixed Use	\$4,675,000	SBT					40
1001 Woodward	Mixed Use	\$34,900,000	SBT/TIF		\$5,669,500	\$5,801,632	325	40
River Park Village	Mixed Use	\$20,000,000	SBT					200
Belle Harbour Estates	Residential	\$60,400,000	SBT					210
Whittier Regatta	Mixed Use	\$38,000,000	SBT					280
River Pointe Terrace	Residential	\$28,000,000	SBT					96
Silvercup	Residential	\$14,600,000	SBT/TIF	\$116,925	\$840,000	\$262,662		87
Russell Street	Retail	\$2,405,000	SBT	\$240,500			45	
Vinton Building	Residential	\$4,500,000	SBT	\$1,500,000				11
Woodbridge	Residential	\$45,000,000	SBT	\$1,510,952				245
Michigan Opera Theater	Retail	\$14,556,300	SBT	\$1,455,630				
1560 East Jefferson	Commercial	\$1,600,000	SBT	\$160,000			60	
Eddystone	Mixed Use	\$7,500,000	SBT/TIF	\$750,000	\$948,500	\$1,152,730		60
Lafer Building	Mixed Use	\$2,850,000	SBT	\$285,000				16
Kennedy Square	Commercial	\$60,000,000	SBT	\$4,000,000			900	
Lithuanian Hall	Mixed Use	\$1,900,000	SBT	\$190,000				
Park Shelton	Residential	\$17,000,000	SBT	\$1,700,000				220
Canfield Lofts	Mixed Use	\$7,340,000	SBT/TIF	\$734,000	\$1,150,250	\$1,372,400	15	34
A & S Hospital Plaza	Retail	\$2,310,000	SBT/TIF	\$231,000	\$540,000	\$270,439	50	
NW Detroit Gateway	Retail	\$45,000,000	SBT/TIF	\$750,000	\$6,716,675	\$7,634,255	200	
Morgan Waterfront Estates	Residential	\$39,342,694	SBT/TIF	\$3,934,269	\$759,000	\$11,174,069		135
55 Canfield	Mixed Use	\$4,500,000	SBT	\$400,000				30
Vernor Scotten	Mixed Use	\$2,000,000	SBT	\$200,000				12
571 Monroe	Retail	\$2,449,500	SBT	\$244,950			10	
Sherwood Foods	Commercial	\$8,500,000	SBT	\$850,000			25	
Willys Overland Residential	Residential	\$1,000,000	SBT	\$1,000,000				65
Cadillac Residences	Residential	\$15,000,000	SBT	\$1,500,000				55
3408 Woodward	Retail	\$1,600,000	SBT/TIF	\$160,000	\$352,846	\$462,711	23	
New Central Yard	Commercial	\$3,700,000	SBT	\$370,000			30	
Art Center North II	Residential	\$3,485,000	SBT	\$348,500				23
Cass Block	Residential	\$4,000,000	SBT	\$400,000				36
Central Brush Park	Mixed Use	\$78,000,000	SBT/TIF	\$7,800,000	\$16,532,571	\$13,846,216	50	364
Charlotte House	Residential	\$1,752,000	SBT	\$175,200				10
El Moore	Residential	\$7,632,750	SBT	\$763,275			8	26
Winston Place	Residential	\$2,772,700	SBT	\$277,270				118
Broderick Tower	Mixed Use	\$40,200,000	SBT/TIF	\$3,280,000	\$2,913,653	\$170,048	95	127
1403 Woodward	Mixed Use	\$9,000,000	SBT	\$730,000				15
Woodward Willis	Mixed Use	\$4,075,320	SBT	\$407,532				22
Grand Van Dyke	Retail	\$11,542,000	SBT/TIF	\$713,800	\$4,662,743	\$620,298		
	Total:	\$1,731,574,900		SBT/TIF	\$39,439,256	\$41,536,951	\$37,084,097	8359

Attachment V

	Total Budget	Budget	Received	Balance	
Receipts					
City of Detroit	42,500,000.00	14,000,000.00	14,000,000.00	0.00	
Interest Income	350,000.00	350,000.00	242,114.07	(107,885.93)	
	42,850,000.00	14,350,000.00	14,242,114.07	(107,885.93)	
	Total Budget	Budget	Disbursed	Balance	
Expenses					
Tech Town	4,000,000.00	1,125,882.00	625,882.00	500,000.00	payment of \$500k is expected to be made this week.
JEPAB	2,000,000.00	312,941.00	312,941.00	0.00	
ONCR Small Bus Loan Fund	1,500,000.00	705,000.00	705,000.00	0.00	
ONCR	7,000,000.00	974,911.00	161,091.67	813,819.33	
DCLF	4,500,000.00	704,118.00	704,118.00	0.00	
Black Chamber	500,000.00	78,200.00	78,200.00	0.00	
AABO	10,000,000.00	8,064,729.00	1,774.00	8,062,955.00	payment of \$8million is expected to be made this week
National Retail	5,000,000.00	782,321.00	0.00	782,321.00	
Resident Retail	2,000,000.00	313,051.00	170,000.00	143,051.00	
Resident Real Estate	6,000,000.00	938,847.00	0.00	938,847.00	
Administration	350,000.00	350,000.00	175,000.00	175,000.00	
	42,850,000.00	14,350,000.00	2,934,006.67	11,415,993.33	
	0.00	0.00	11,308,107.40	11,308,107.40	